

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Special Services Fees and Classifications) Docket No. MC96-3

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS RICHARD PATELUNAS
(OCA/USPS-T5-5-12)
(July 19, 1996)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA Interrogatories 1-4 to the United States Postal Service dated June 19, 1996, are hereby incorporated by reference.

Respectfully submitted,

Gail Willette

GAIL WILLETTE
Director
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OCA/USPS-T5-5. Please refer to Table 7 on page 25 of SSR-90.

This table presents C.V.'s of FY 1995 letter shaped mail volume proportions derived from the City Carrier Cost System. Please explain the significant increase in sampling error for the larger volume estimates over those reported in Table 1 of G-127 for FY 1993.

Comparison of C.V.'s for FY93 and FY95

Mail Class	1995 prop.	1993 prop.	1995 C.V. percent	1993 C.V. percent	Percent increase
FCM L&P	.218	.237	2.18	1.04	110
FCM Pre L&P	.311	.297	2.24	1.06	111
Total FCM	.567	.571	2.07	0.70	196
TCM Bulk Reg	.165	.161	6.40	2.43	163
Car Pre					
TCM Bulk Reg other	.161	.150	2.16	1.17	85
TCM Total reg	.326	.311	3.28	1.22	169
Total Third	.407	.399	2.45	0.98	150

OCA/USPS-T5-6. Please refer to page 21 of SSR-111 and to page 11 of R94-1 library reference G-127. In the R94-1 documentation the sample design was described as a "stratified, three-stage sample design." However, the MC96-3 documentation refers to the FY95 sample design as a "stratified, three-stage cluster sample design." Please explain in more detail the changes over the FY93 design that make it a cluster design for FY95.

OCA/USPS-T5-7. Please complete the documentation of the City Carrier System sample design documentation on pages 21-23 of SSR-90. In particular, please provide:

- a. Universe size at sample selection, sampling rates, and effective sample sizes by strata. If sample selection occurs more than once per year, provide this information for each FY95 sample selection.
- b. Weighting factors and the formulas used to compute weighting factors.
- c. Instructions and estimation formulas for the proper use of weighting factors.
- d. Please explain how the second stage of sample selection is accounted for in the estimation procedures. Please describe any additional weighting factors computed to account for second stage sampling.
- e. Please confirm that there is some attrition in the panel of routes initially selected for FY95. If you confirm, provide a count of the number of affected routes and explain any process used to replace them during FY95. If routes subject to attrition are replaced, please explain any effects on weighting factors for the replacement routes.

- f. Please confirm that new routes are formed during FY95 after the sample of routes has been selected. Please explain the process (if any) for sampling these new routes during FY95.
- g. Please define the sampling frame for the FY95 city carrier cost route selection. Please describe any provisions in the frame definition for newly formed routes.

OCA/USPS-T5-8. Please refer to SAS program lines 388 to 391 of page 74 of SSR-31. Please explain how the values for UBSA2E, UBSF2K, URSA2E, and URSF2K were calculated. Provide step-by-step calculations with any intermediate results and provide the source for all figures used to compute these four parameters.

OCA/USPS-T5-9. Please refer to SAS program lines 452-458 of page 75 of SSR-31. Line 452 contains the SAS statement:

```
IF STRATUM='SBSA2E' THEN WGT = (10*UBSA2E*DELDAY)/(COUNT*1000).
```

- a. Please confirm that the "10" adjusts the weight to reflect that one in ten stops on the sample route are sampled. If you do not confirm, then please explain.
- b. Please explain the role of "UBSA2E" in the formula for WGT.
- c. Please explain what the variable "DELDAY" represents in the formula for WGT and provide its value.

- d. Please confirm that "COUNT" refers to the unweighted count of route days sampled for each stratum. If you do not confirm, please explain what the variable "COUNT" represents.
- e. Please explain the purpose of the "1000" in the denominator of the formula for WGT.
- f. Please confirm that the weighting factor WGT blows up sample data to represent total city carrier delivered mail volume for FY 1995. If you do not confirm, please explain what universe totals the WGT factor expands the sample data to.

OCA/USPS-T5-10. Exhibit USPS-T-5A at 7 shows that the attributable costs for postal cards for FY 95 are \$33,182 thousand.

- a. USPS-T-8 at 106 shows that the GPO office manufacturing costs for government postal cards for FY 95 are \$4,352,568. Is the \$4,352,568 included in the \$33,182 thousand? If not, what are the attributable costs for manufacturing postal cards in FY 95? Please provide citations or supporting documents.
- b. If for FY 95 all costs incurred to manufacture government postal cards were not treated as attributable costs, please provide the amount that was treated as institutional costs.

OCA/USPS-T5-11. Exhibit USPS-T-5C at 10 shows a per-piece cost for postal cards of 7.5 cents. The per-piece cost for private cards is 16.2 cents. Please explain in detail why the unit costs for private cards are more than twice as high as the unit costs for postal cards.

OCA/USPS-T5-12. Exhibit USPS-T-5C at 10 shows a per-piece cost for postal cards of 7.5 cents. The per-piece cost for presorted private cards is 7.0 cents. If the unit cost of manufacturing government postal cards of 1.1 cents as shown in Table XXIX of USPS-T-8 is deducted from the 7.5 cents unit cost of postal cards, the unit cost of postal cards would be less than the unit cost of private presort cards. Please explain why the processing and delivery costs of government postal cards are less than the processing and delivery costs of private presort cards.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.



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Washington, D.C. 20268-0001
July 19, 1996